



Vakatorocaketaki ni taukei: the politics of affirmative action in post colonial Fiji

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This article examines the relationship between affirmative action and regime change in Fiji—in particular, how affirmative action has been used as a tool of social engineering. It argues that affirmative action is more than an ordinary policy prescription; rather, it has fundamental social engineering and restructuring intent, based on political and ideological considerations. Changes in the affirmative action programs have been associated with changes in the interests of the ruling élites, and, since independence, there have been shifts in emphasis and strategies resulting from the interests of the élites. Many affirmative action programs have led to failure and loss of state resources. Since the military coup in 2006, most of the affirmative action programs associated with past regimes have been removed, including through the dramatic control and then weakening of the indigenous Fijian middle class, which benefited from past affirmative action policies. Paradoxically, under the rubric of ‘rural development’, the interim government has reinvented affirmative action, but it is now targeted at poor rural villagers and shuns the middle class.

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Affirmative action is an often-controversial mechanism used by states to address issues of equity, conflict resolution, historical reparation and empowerment for disadvantaged groups. It is commonly conceptualised as government-mandated ‘preferential policies’ towards government-mandated groups (Sowell 1990:10). Sowell’s emphasis

on ‘preferential policies’ can be misleading because, as shown in countries such as Malaysia and Fiji, affirmative action can be a framework for major restructuring and social engineering. This article argues that rather than being just a policy response to historically defined conditions, it is often driven by political, economic and ideo-



logical imperatives for the purpose of social reconstruction and engineering. Affirmative action in Fiji has been driven by evolving political imperatives—initially, by the push for multi-racialism after independence in 1970; by ethno-nationalism after the 1987 and 2000 coups; and by counter-ethno-nationalism after the 2006 coup—all for the purpose of socially engineering a new order (Ratuva 2009).

The theoretical discourse on affirmative action spans a number of areas including political representation, educational opportunities, employment, and economic advancement for disadvantaged social groups, identified on the basis of gender, class, caste, ethnicity or physical disability (Kellough 2006; Lipson 2006; Sterba 2009; Wines 2006). There has also been recognition of the importance of psychological approaches concerning the cognitive and behavioural dispositions of designated and non-designated communities and the impact of these on society as a whole (Bobo 1998; Crosby and Franco 2003). The question of who should be part of the designated category and the justification for defining the designated category are often political (Neblo 2009) based on negotiating the bigger issues: ethnic relations, conflict, culture, power and equality. Attempts at implementation through use of labour-market quotas have been contested by some on the basis of equity and justice—the same arguments used to justify affirmative action in the first place (Jain, Sloane and Horwitz 2003).

Some justificatory principles for affirmative action are quite common in some countries. The notion of ‘correcting historical wrongs’ is used in the United States (Pincus 2003), South Africa (Horwitz 2009), Canada (Agocs 2009) and Namibia (Usiku 2009); while ‘equity creation’ is used in Malaysia (Gometz 2009), Brazil (Bernardino-Costa 2010), Northern Ireland (Harvey 2010), Fiji (Ratuva 2010) and India (Parikh 2010). One

of the underlying assumptions is that the creation of equity and a just society is a precondition for political stability (Kende 2009). In some of these countries (the United States, India, Canada and Brazil), the designated categories are minorities, while in others (Fiji, Malaysia, South Africa and Namibia), the designated categories are not only ethnic but also politically dominant majorities. Cottrell and Ghai (2007) make the argument with respect to Fiji that indigenous Fijians were not exploited minorities and did not deserve affirmative action; however, the complex interplay between politics and ethnicity created a situation where ‘affirmative action becomes deeply implicated in inter-community politics as well as in the structure of the state’ (Cottrell and Ghai 2007:228).

The criticism of affirmative action as ‘reverse discrimination’ is based on the assertion that it is contradictory and morally repugnant to use categories such as sex, religion or race—which were the basis for earlier discrimination—as the basis for affirmative action (Faundez 1994:4). While ethnic affirmative action is highly controversial, gender affirmative action is the least controversial because of the cross-communal and increasingly internationalised and universally accepted principle of gender equality. There is a strong argument that if gender-based affirmative action—or any other form of affirmative action for that matter—is compensatory or based on reparation then it is morally justified (Pincus 2003).

The debate about affirmative action in Fiji has largely revolved around a number of issues, including the need for equity, nation building, conflict resolution, rights of indigenouses, and the definition and composition of the ‘disadvantaged’. The first argument, based on the International Labour Organisation (ILO) Convention of Indigenous Rights (169), was that indigenous Fijians—because



of their relative lack of entrepreneurial participation, educational and professional achievement, and socioeconomic development, and by virtue of their being indigenes—should be the main designated category (Fijian Initiative Group 1992; Government of Fiji 1990; Qarase 1995). Herein was a veiled warning that failure to address the Fijian question would continue to create conditions for ethno-political volatility and conflict (Fisk 1970; Government of Fiji 2001). So, affirmative action was seen as serving multidimensional interests—as a means of redressing inequality, as an unquestioned natural right of indigenous Fijians, and as a conflict-resolution mechanism.

The second and contrary position was that the disadvantaged category should be de-ethnicised and inclusive to include anyone from any ethnic group considered to be socioeconomically disadvantaged—a principle that was seen to reflect the spirit of multiculturalism, inclusivity and ‘social justice’ enshrined in the 1997 Constitution (Government of Fiji 1997:s. 44, pp. 32–3).

The third argument was that affirmative action should be targeted at addressing poverty because poverty was trans-ethnic and was worsening as a result of a number of factors, including the contracting economy and lack of opportunities (Chand 2007; ECREA 2005).

The fourth argument—advocated by the current ruling military regime—is that affirmative action is fraudulent and a tool of rent seeking and corruption by both indigenous Fijian and non-indigenous Fijian élites, rather than a means of advancement for disadvantaged groups (Ratuva 2009). The military regime has abolished virtually all the affirmative action programs associated with previous governments and has set up the Fiji Islands Commission Against Corruption (FICAC) to investigate cases of corruption associated with them. The focus has turned to poverty reduction and rural

development carried out within the ambit of the *People’s Charter* (Government of Fiji 2008)—a social engineering framework for socioeconomic and socio-political transformation in Fiji.

One of the first tasks of the military regime when it captured state power in the December 2006 coup was to engage in comprehensive political engineering—a component of which was the eradication of any institution, program or policy from the old order that it considered archaic, corrupt or racist. Affirmative action was one of their main targets, primarily because it was seen to be pro-indigenous Fijian and was thus considered ‘racist’, and, worse still, affirmative action was shrouded in controversy as a result of a major corruption scandal (the so-called ‘agricultural scam’) under the deposed government of Laisenia Qarase (‘Agriculture scam trial continues’, *Fiji Times*, 7 July 2008). Affirmative action has never been mentioned in any of the military regime’s policy statements, except in derogatory terms when reference has been made to the Qarase government (‘Fiji goes on the offensive’, *Island Business*, 4 December 2008). The paradox is that the military regime has reinvented affirmative action to shift it away from consolidating an indigenous middle class to service delivery to indigenous rural villagers as a strategy to boost indigenous Fijian development (*vakatorocaketaki ni taukei*) (Government of Fiji 2009). One of the consequences of this approach was the general weakening of the established indigenous middle class through forced removal of prominent individuals from key public service, board and state corporation positions and the centralisation of power in the hands of the military.

After Fiji’s independence from Britain in 1970, pro-indigenous Fijian policies, borrowed from Malaysia, were encapsulated in Development Plan 5 (Government of Fiji 1970). Malaysia had special provision for



indigenous Malays in its 1954 Constitution and, in 1970, a major economic transformation under the New Economic Policy (NEP) was initiated to address the issue of ethnic economic imbalance and poverty reduction. Like Malaysia's, Fiji's affirmative action policy was driven by the desire for equal ethnic participation in the economy as part of the national unification strategy under the Alliance Party's multiracial experiment aimed at more ethnic and regional equitable development. Affirmative action after the 1987 and 2000 coups was, however, seen as a major social engineering project by indigenous Fijian élites to restructure the economy in favour of indigenous Fijians, very much along the lines of the economic restructure under Malaysia's NEP.

Following the counter-ethno-nationalist coup in 2006, the term 'affirmative action' was removed and preferential policy was reconceptualised fundamentally along the pre 1987 policies of rural development to address indigenous socioeconomic interests. The dramatic shift in emphasis was driven by political circumstances. The post 1987 and post 2000 affirmative action projects were driven by ethno-nationalism and were geared towards creating an indigenous middle class, while the post 2006 affirmative action was targeted at rural villages and was also meant to neutralise the form of ethno-nationalism that fomented the 1987 and 2000 coups. The military regime hoped that by satisfying the basic socioeconomic needs of rural indigenous Fijians, it would be able to neutralise the nursery for ethno-nationalism at the grassroots level and in the process shift away from past tendencies in which socioeconomic grievances were readily translated into nationalistic mobilisation.

This article is not a comparative study with Malaysia, but given the salience of Malaysia's influence, the article will make comparative references to Malaysia's affirmative action program where appropriate.

The evolution of preferential programs

After Fiji became a British colony in 1874, the colonial state initiated a number of fundamental changes to the Fijian community, amongst which were the reconfiguration of the governance and chiefly structures, codification and universalisation of a common landowning system, and consolidation of a communal system around a village subsistence economy (France 1969). This system kept indigenous Fijians outside the mainstream commercial arena and proved to be a major factor in the retardation of indigenous Fijian development and the spawning of ethno-nationalist resentment (Lawson 1991). The resulting wave of ethno-nationalism in later years—fuelled by actual and perceived ethnic inequality in the labour market, ethnic competition over political power, and deployment of ethnicity for political mobilisation—provided the backdrop to the clamour for preferential policies for indigenous Fijians in later years.

Prototype affirmative action policies aimed at improving the socioeconomic situation of indigenous Fijians can be traced back to the first decade of the twentieth century when Governor Im Thurn was concerned that the rigid communal system instituted in 1876 by Sir Arthur Gordon, the first British governor, locked indigenous Fijians into an unproductive subsistence mode, and kept them outside the ambit of the mainstream commercial sector (Spate 1959). Attempts to liberalise indigenous Fijian landownership and social structure met fierce resistance and had to be thwarted. There were, however, attempts to slowly socially engineer indigenous Fijians into mainstream commerce in the 1940s, 1950s and 1960s through banana and copra production as well as cooperatives. This action did not work very well because it



was carried out within the ambit of communal hegemony, which restricts individual enterprise and, besides, these industries were monopolised by European merchants, who did not allow for competition from indigenous producers. The socioeconomic situation of indigenous Fijians became a serious concern of the colonial state, which consequently commissioned two reports—the *Spate Report* (1959) and the *Burn Report* (1963)—both of which recommended concerted attempts to accommodate indigenous Fijians in the mainstream economy.

It was not until independence from Britain in 1970 that coherent development plans with preferential policies for indigenous advancement were designed. The first of these was Development Plan 5, which focused on 'Fijian development'. The plan consisted of several large-scale agricultural development projects in the areas of sugarcane, banana and cattle farming, as well as educational and entrepreneurial experiments that were meant to equip indigenous Fijians for the challenges of the fast-changing market economy (Government of Fiji 1970, 1975, 1980). The banana and cattle farming projects were not commercially successful; however, a very small number of indigenous Fijian farmers made successful inroads into the Indo-Fijian-dominated sugar industry (Ratuva 1999). Simultaneously, there was a push for indigenous education to make up for the low number of indigenous Fijians in higher education and the professions, where 10 years before independence they were outnumbered by a factor of one to 36 by other ethnic groups.

The first comprehensive educational affirmative action policy was in 1977, when the Alliance government, under Ratu Sir Kamisese Mara, an Oxford-educated high chief, legislated that 50 per cent of scholarships to the University of the South Pacific were to be reserved for indigenous Fijians (who at that time made up less

than 50 per cent of the population). This issue is discussed in more detail later, but it is important to note at this stage that opposition to this policy came from the Indo-Fijian community, which saw it as a form of discrimination and an attempt to deprive deserving Indo-Fijian students (Ali 1982). As part of the aggressive push for indigenous education, the Fijian Affairs Board later provided special scholarships. Over the years these proved to be quite successful in terms of producing a large pool of graduates and consolidating a large indigenous middle class.

The emerging indigenous middle class by and large had a strong ethno-nationalist orientation, which resulted from their competition with Indo-Fijians for civil service and private sector employment, which they perceived to be dominated by Indo-Fijian cliques. This antagonism was manifested in indigenous Fijian middle-class support for the 1987 coup, since it was hoped that the coup would weaken Indo-Fijian dominance in the political, civil service and professional realms. Since it was difficult to compete with Indo-Fijians at their own game, many indigenous Fijians thought it was more convenient to use political means to achieve their goals.

The 1987 coups and coerced affirmative action

Although various forms of affirmative action have been adopted in Fiji since independence, the term 'affirmative action' was not used officially until after the first coup in May 1987, which saw the overthrow of an elected Indo-Fijian-dominated Labour Party–National Federation Party coalition government (Lal 1992). A second coup was carried out on 25 September 1987 to consolidate the first coup, after attempts to set up a government of national unity threatened



to undermine the intent of the first coup of indigenous political paramountcy. It became apparent to the pro-indigenous military leaders that there was a need to fast-track preferential policies outside the ambit of the usual development plan. The post 1987 coup affirmative action plan had a number of strategic prongs. Amongst these were: control of state institutions by indigenous Fijians and use of the bureaucracy and political machinery to drive the affirmative action program; channelling state resources towards indigenous Fijians; increasing the number of indigenous Fijians in business; increasing the number of indigenous Fijians in the civil service; and creating and growing an indigenous Fijian middle class to balance the established Indo-Fijian middle class (Fijian Initiative Group 1992; Qarase 1995).

Affirmative action became a political imperative under the direct supervision of the ethnocratic military state and was legitimised by the newly promulgated 1990 ethno-nationalist Constitution, which prescribed indigenous Fijian political hegemony after the 1970 Constitution was abrogated (Ratuva 2000). A way of consolidating hegemony was to ensure control of Parliament by increasing the number of indigenous Fijian seats by 15 compared with an increase of only five for Indo-Fijians. Furthermore, the 1990 Constitution tried to define the indigenous 'Fijian' affirmative action-designated category using two variables: a direct grand-patrilineal blood link and acceptance by one's *mataqali* (traditional socio-cultural group) for registration in the *Vola ni Kawabula*—the indigenous Fijian genealogical registry (Government of Fiji 1990:120). This provision was heavily criticised for being too sexist, racist and exclusive because it discriminated against those with indigenous Fijian mothers but with non-indigenous Fijian fathers. The legal construction of the designated category was directly linked to the broader

constitutional affirmative action framework that provided that

Parliament shall, with the object of promoting and safeguarding the economic, social, educational, cultural, traditional and other interests of the Fijian and Rotuman people, enact laws for those objects and shall direct the Government to adopt any programme or activity for the attainment of the said objects and the government shall duly comply with such directions. (Government of Fiji 1990:s. 21)

This paved the way for the enactment of affirmative action legislation in the 1980s and 1990s, including the controversial Public Service Commission Regulation, which reserved 50 per cent of civil service positions for indigenous Fijians (*Fiji Republic Gazette*, 4[83][1990]:910).

Civil service

The impact of the indigenisation of the civil service was almost immediate. In 1986, just prior to the coup, of the total number of civil service staff, 52 per cent were Indo-Fijians, 43 per cent were indigenous Fijians and 5 per cent belonged to other minority groups. The high turnover of Indo-Fijian staff after the coup dramatically altered the ethnic profile. In 1987, of the total turnover, 80 per cent were Indo-Fijians and other minorities compared with about 20 per cent for indigenous Fijians (Table 1); and in 1988, the shares were 68 per cent and 32 per cent, respectively (Fiji Public Service Commission 1995).

By 1992, the turnover rate seemed to have stabilised, with the figures for the two major ethnic categories almost on par. The departures from the civil service were replaced with new appointments, which favoured indigenous Fijians. From 1991 to 1994, indigenous Fijians constituted about 60 per cent of the annual appointments (Table 2). Prior to the coup, in 1985, new



appointments to the civil service were 47 per cent for indigenous Fijians and 53 per cent for Indo-Fijians and other minorities (Fiji Public Service Commission 1986).

The changes in the ethnic shares of the civil service over the 10 years from 1985 to 1995 were significant (Table 3). In 1985, the figures were indigenous Fijians 46.4 per cent and Indo-Fijians 48 per cent. In 1995, the share of indigenous Fijians had increased to 57.3 per cent, while the share

of Indo-Fijians had declined to 38.6 per cent (Reeves, Vakatora and Lal 1996).

By 1997, only one of the 10 heads of government departments was an Indo-Fijian, compared with more or less equal numbers prior to the coup. About 80 per cent of the Indo-Fijians who left the civil service migrated. In 1987, there was a net departure of 18,563, compared with 6,490 in 1986 and 6,193 in 1985. Of these, 78.1 per cent were Indo-Fijians (compared with 41.2 per cent in 1980), 6 per

Table 1 Civil service staff turnover, 1987–94

Year	Fijian/Rotuman	Percentage (of total)	Indian/others	Percentage (of total)	Total
1987	258	20.5	1,003	79.5	1,261
1988	486	31.8	1,041	68.2	1,527
1989	676	40.0	959	60	1,635
1990	532	48.8	560	51.2	1,092
1991	393	40.9	567	59.1	960
1992	740	52.6	666	47.4	1,406
1993	697	54.9	573	45.1	1,270
1994	701	58.6	497	41.4	1,198

Source: Fiji Public Service Commission, 1995. *Annual Report*, Public Service Commission, Suva:16.

Table 2 Civil service appointments, 1991–94

Year	Fijian/Rotuman	Percentage	Indian/others	Percentage	Total
1991	594	58.6	417	41.4	1,011
1992	1,182	58.0	857	42	2,039
1993	892	57.7	657	42.3	1,546
1994	631	57.2	472	42.8	1,103

Source: Fiji Public Service Commission, 1995. *Annual Report*, Public Service Commission, Suva:16.

Table 3 Total number of staff in the civil service by ethnicity

Year	Fijian/Rotuman	Percentage	Indian/others	Percentage	Total
1991	9,296	55.8	7,360	44.2	16,656
1992	9,682	56.6	7,429	43.4	17,111
1993	9,631	56.8	7,317	43.2	16,948
1994	9,709	57.2	7,261	42.8	16,970

Source: Fiji Public Service Commission, 1995. *Annual Report*, Public Service Commission, Suva:15.



cent indigenous Fijians, and 12.5 per cent other minorities. By 1989, however, two years after the coup, the total number of Indo-Fijians migrating had declined to almost half of the 1987 figure (7,412), but their share still stood at 79 per cent. Altogether, an estimated 50,104 Fijian citizens migrated in the period 1987–91, compared with 26,529 between 1982 and 1986. About 80 per cent of these were Indo-Fijians (Chetty and Prasad 1993). The pro-indigenous Fijian coup and subsequent reforms, including coerced affirmative action, forced Indo-Fijians out of Fiji in large numbers.

Apart from the civil service, the two other important state apparatus whose control was deemed necessary for indigenous hegemony were the military and the police. The military had always been predominantly (more than 90 per cent) indigenous Fijian. In 1986, a year before the coup, the police force comprised 50 per cent indigenous Fijians and 47 per cent Indo-Fijians; in 1995, the figures were 58 per cent indigenous Fijians and 40 per cent Indo-Fijians (Fiji Police Force 1996). Immediately after the 1987 coup, the Indo-Fijian commissioner of police was removed, together with other senior officers of 'questionable loyalty', and was replaced with an indigenous Fijian, who later retired to give way to a senior army officer, Colonel Isikia Savua. The police, like other areas of the civil service, became militarised as colonels took over senior positions, consolidating a military bloc within the civilian sphere. The triple processes of indigenisation, affirmative action and militarisation became part of a common political engineering process.

Business sector

As a means of addressing ethnic disparity in the business sector, a number of proposals were made in 1992 in a document called the *Nine Points Plan*. The plan was produced by the Fijian Initiative Group (FIG), which

consisted of indigenous Fijian professionals, civil servants and entrepreneurs, and which first met in 1988 (under the chairmanship of former prime minister Ratu Sir Kamisese Mara) and became formalised in 1992. The major proposals were F\$20 million equity was to be injected from the Fijian Affairs Board (FAB) to the Fijian Holdings Company (FHC), an indigenous trust company based on the Malaysian *bumiputera* trust company concept; a unit trust for indigenous Fijian financial investment was to be established; a compulsory savings scheme (CSS) for Fijians was to be set up; government concessions for indigenous Fijian businesses were to be enhanced; a Management Advisory Services Department (MASD) was to be established in the FAB; and indigenous Fijians should have a 50 per cent minimum ownership share of resource-based industries. Furthermore, certain sectors of the economy were to be reserved for indigenous Fijian investment; there should be ownership of a daily newspaper by indigenous Fijians; and the FAB should be restructured and strengthened (Fijian Initiative Group 1992).

The main follow-up to the *Nine Points Plan* was the *Ten Year Plan for Fijian Participation in Business*, authored by Laisenia Qarase (1995), then managing director of the Fiji Development Bank (and a leading proponent of ethnic Fijian affirmative action), and commissioned by the UN Economic and Social Commission for Asia and the Pacific (ESCAP). The report, which was more comprehensive than the *Nine Points Plan*, suggested that the objective of affirmative action 'should be the achievement of overall parity between Fijians and other communities in all spheres of activities within the shortest period of time possible', and it should 'ensure that indigenous Fijians achieve 50% ownership of the corporate sector and other business sectors by the year 2005' (Qarase 1995:4). The five strategies



suggested were enactment of appropriate legislation with the object of promoting and safeguarding the interest of indigenous Fijians; reorganisation and strengthening of the Fijian administration; accumulation of savings to provide investment capital; encouragement of indigenous Fijians in investment; and development of indigenous Fijian entrepreneurship, business education and training. These strategies merely reinforced the basic tenets of the *Nine Points Plan* but the difference was its sense of urgency and the specific target of 50 per cent indigenous Fijian business ownership by 2005.

The *Ten Year Plan*, which later became the government 'blueprint' for indigenous Fijian business, identified a number of government-controlled industries for privatisation, with government shares to be transferred to Fijian Holdings and other indigenous Fijian corporations. These included big monopolies such as Fiji Post and Telecom, Fiji International Telecommunications Limited (FINTEL), Fiji Forest Industries Limited (FFI), Fiji Pine Limited (FPL), Tropic Woods Limited (TWL), the Pacific Fisheries Company (PAFCO) and the National Bank of Fiji (NBF).

A number of *Ten Year Plan* recommendations were implemented. Some of these—similar to some of those implemented in the *Nine Points Plan*—included the reorganisation of the Fijian administration, expansion of Fijian Holdings Limited, continuation of the Commercial Loans to Fijians Scheme (CLFS) by the Fiji Development Bank (FDB), the setting up of the Unit Trust investment, establishment of a Small Equity Fund (SEF) within the Ministry of Fijian Affairs, and a management training scheme for indigenous Fijians in the private sector. By making the FAB separate from the Ministry of Fijian Affairs (one of the major reorganisations), it was hoped that interference by the central government in

the communal affairs of the Fijian administration would be minimised, thus providing the latter with the necessary autonomy to streamline its communal organisational role and maintain cohesion within the indigenous Fijian community, while at the same time creating a competitive indigenous Fijian bourgeoisie.

The lack of a sizeable indigenous Fijian entrepreneurial class was a major driving force in these economic reforms. There were differences in the ethnic distribution of economic activities, with indigenous Fijians concentrated more in primary agricultural activities and Indo-Fijians in the white-collar professions. The conspicuously low representation of indigenous Fijians in the commercial sphere was evident in official company figures. For instance, between 1986 and 1987, just before the coup, of the 700 companies registered by the Office of the Registrar of Companies (1987:2), only 15 per cent belonged to indigenous Fijians, compared with 50 per cent ownership by Indo-Fijians, 20 per cent by Europeans and Chinese, and 15 per cent joint ventures owned by other ethnic groups.

To the indigenous state élites, the panacea for inequality lay in catapulting indigenous Fijians into the business world with the help of state patronage. In 1992, the government allocated F\$20 million as loans to FAB to buy 'B'-class shares from Fijian Holdings Limited and to hold them in trust for indigenous Fijians to be sold to indigenous Fijian shareholders later.¹ Since 1987, the operations of Fijian Holdings have been aggressively extended to buying shares in many leading corporations in Fiji.

In 1989, the government provided two major concessions for the CLFS, which was set up in 1975 to assist indigenous Fijians in small to medium-sized businesses. The concessions were first, an increased subsidy of 5.5 per cent per annum on loans up to F\$200,000, giving an effective interest rate



of 8 per cent; and second, a cash grant equivalent to 10 per cent of the fixed assets cost, with a maximum grant of F\$20,000 for each project (Fiji Development Bank 1996). CLFS loans increased dramatically after the coup. For instance, in the 11 years between 1975 and 1988 there were 4,720 loans totalling about F\$25 million. But from 1989 to 1994, there were 6,189 loans totalling F\$99 million (Fiji Development Bank 1996). The upsurge in loan approvals from 1989 'reflects the impact of Government concessions' (Qarase 1995:29). Despite the initial optimism, CLFS loans had a high failure rate, with arrears averaging between 19 and 23 per cent. Eventually, the scheme was forced to close. It was to be just one of the many failed affirmative action projects.

Perhaps an area where the quota system was most pronounced was in the taxi business, which had always been dominated by Indo-Fijians. For instance, in 1988, 87 per cent of all taxi licences were in the hands of Indo-Fijians; only 11 per cent belonged to indigenous Fijians. On 22 October 1993, there was a ministerial directive that no more permits were to be issued to Indo-Fijians to make sure that indigenous Fijians could bridge the gap. By 31 December 1994, the Indo-Fijian share had fallen to 61 per cent and the indigenous Fijian share had increased to 34 per cent (LTA 1995). Initially, upon being issued with licences, some indigenous Fijians either rented or sold them to Indo-Fijians; but over the years the number of indigenous Fijian-run taxis has increased sharply, with many forming successful taxi and mini-bus cooperatives.

One of the main indigenous Fijian commercial acquisitions was Fiji Television Limited (FTL). The government granted a 12-year exclusive television broadcast licence to FTL on the understanding that indigenous Fijian control of FTL would increase. In 1995, the main shareholders in

FTL were the FDB (51 per cent), Television New Zealand (15 per cent), Fiji Post and Telecom (14 per cent), and the general public (20 per cent). The FDB's shares were held in trust on behalf of indigenous Fijians, represented by the 14 provincial councils (Qarase 1995). The provincial councils owned Yasana Holdings Limited (YHL), a company established by the FAB to look after provincial investments. This was one of the many affirmative action projects based on communal ownership.

The Fiji National Provident Fund (FNPF) was also involved in a project called the Village Housing Scheme (VHS), which was set up in 1987 to provide homes for rural villagers. A total of 27,373 applications amounting to F\$53.91 million were approved and paid out. This project, too, was later stopped because of its unsustainability (FNPF 2006). In addition, the FNPF set up the Small Business Equity Scheme (SBES) in 1990 to provide finance for small businesses, especially those of indigenous Fijians. A total of 4,621 members have been assisted, representing F\$17.22 million in payments. In 1996, a total of 1,379 applications, amounting to F\$3.5 million, were approved; of these, indigenous Fijians constituted about 90 per cent—1,200 applications—totalling F\$2.76 million in payments (FNPF 2006).

As a way of mobilising resources and maintaining ethno-cultural solidarity, indigenous Fijians were encouraged to engage in communal investment through their extended kinship or administrative social groups such as *tokatoka* (group of nuclear families), *mataqali* (group of *tokatoka*), *tikina* (district), *yasana* (province), and other forms of collective groupings. These groups bought shares in Fijian Holdings, Unit Trust and other investment groups (Ratuva 2000). Even political parties and politicians formed investment groups on behalf of indigenous Fijian entrepreneurs. An example was the Gaunavou Investments Company Limited



(GICL) (Gaunavou literally translates as 'modern times'). The GICL, which was incorporated as a public company on 11 November 1994, was set up by the Suva City Fijian Urban Constituency branch of the ruling Soqoqsoqo ni Vakvulewa ni Taukei (SVT) Party 'with the positive intention to start and promote indigenous Fijian enterprise and business activities' (*Daily Post*, 13 March 1999:3). Amongst the shareholders were General Sitiveni Rabuka (the 1987 coup leader and later prime minister) and a number of government cabinet ministers.

Education

Affirmative action in education was taken in response to serious concerns about the educational achievement of indigenous Fijians—even before independence in 1970. The Royal Commission on Education of 1969 recommended 'positive discrimination provisions' for indigenous Fijians but it was not until 1977 that the government decided to implement the scholarship quota for entry into the University of the South Pacific.

Furthermore, a Fijian education unit was set up in the 1970s within the Ministry of Fijian Affairs to work collaboratively with the Ministry of Education to provide scholarships and resources for Fijian schools and also to monitor the progress and achievement of indigenous Fijian students. This effort was boosted by a F\$3.5 million injection for Fijian education in 1984 to upgrade indigenous Fijian educational facilities and resources (including teachers) at the primary and secondary school levels, and to provide scholarships for indigenous Fijian students. It was felt that providing assistance at an early stage of educational development was crucial in building up a solid educational base for indigenous Fijians. A further F\$2 million was used after the coup in 1987 to establish an Education Unit in the Ministry of Education and the setting up of educational media centres in

rural areas for indigenous Fijian schools. The aim was for the 'development of basic education, particularly improvement of access to secondary education for rural students' (Fiji Ministry of Education 1993:130).

The proportion of government scholarships awarded by the Public Service Commission to indigenous Fijians for university education rose from 34 per cent in 1970–74 to 44 per cent in 1980–84, and again, to 49 per cent in 1985–89, and to 52 per cent in 1990–92. This allocation was made despite the fact that indigenous Fijians constituted only about one-third of all students qualifying to enter university. Moreover, following the 1987 coup, an average of 62 per cent of all in-service training scholarships was allocated to indigenous Fijians (Fiji Public Service Commission 1995). The FAB has also provided scholarships to indigenous Fijians; between 1984 and 1988, the FAB awarded 1,181 local scholarships and 150 overseas scholarships. Over the period 1989–92, these numbers were increased to 1,719 and 108, respectively. In the 16 years up to 2001, the FAB provided up to 7,000 scholarships and about half of these graduated within the prescribed time (People's Coalition Government 2001). More than 90 per cent of these graduates entered the labour market and contributed to the expanding indigenous middle class.

The rise and demise of post 1987 coup affirmative action

While some affirmative action programs such as education were successful, the rush to create an indigenous business class by trying to create an entrepreneurial culture within a short time had its tragic shortcomings. In 1992, when Fijian Holdings became a limited liability company, a group of indigenous Fijian professionals and bureaucrats who worked in state banks and senior



government positions was able to form companies using insider information to buy shares, even before the rest of the country knew what was happening (Korovulavula 1993). This led to a huge scandal, which was covered widely in the local press and even debated in Parliament. The group had direct links to the military and state leadership and had significant influence on important state boards dealing with finance and investment. They had direct influence on state policies and the operation of state institutions and had a virtual monopoly of information and control of equity acquisitions in Fijian Holdings. Some of the illegal and unethical business practices were condoned because they were seen to be politically acceptable as part of the general purpose of speeding up indigenous Fijian entry into the business world. A number of these cases continue to be the subject of investigation by the Fiji Independent Commission Against Corruption (FICAC), set up by the Fijian military after the 2006 coup.

There was an even worse outcome when the state-owned National Bank of Fiji (NBF) collapsed as a result of liberal 'loans' to indigenous Fijians to fund their entrepreneurial projects, middle-class lifestyles (housing, cars, credit cards, and so on), and other things. After the 1987 coup, the coup leader, Sitiveni Rabuka, personally went to the bank and told the Australian general manager that he was to be replaced with a local. To the military regime, the NBF held the key to financing affirmative action projects and had to be secured by all means. Millions of dollars were given out without security in a loan program that spanned the entire structure of the indigenous community—from the president (who was loaned more than FJ\$5 million) and his family to unemployed youths. Gold credit cards, car loans, business loans, housing loans and even personal loans were given out liberally in the name of indigenous

advancement. Within a few years, the bank became insolvent, debts were written off, and more than F\$200 million was lost. A subsequent investigation unearthed a complex web of deals between politicians and businessmen involving money transfers and political patronage (Grynberg, Munro and White 2002).

One of the ironies was that although the NBF collapsed, the loans provided the means for a large number of indigenous Fijians to break into the middle class, at least in terms of lifestyle and self-perception, and expanded indigenous middle-class aspirations in a significant way.

The 'trickle-down' strategy of the State was to encourage rural communities to invest in Fijian Holdings Limited (FHL) through communal investment. The initial funding was provided by the State through the FAB and was distributed to provinces, districts and villages. The problem was that the income generated from this investment scheme was minimal and had to be shared amongst the members of the respective communities. After one year of investment, the average return was about F\$1 per person (Ratuva 2000). The communal investment program was more of a political strategy for indigenous mobilisation than one of indigenous economic advancement. Although the FHL concept was borrowed from Malaysia, in Malaysia, the investments in *bumiputera* trust institutions were individually based; in Fiji, they were communally based.

Except for FHL and education, almost all the post 1987 coup affirmative action policies failed, including FDB's special housing and business loans for indigenous Fijians, and its Equity Investment Management Company Limited (EIMCOL), the supermarket management trainee project, and the FNPF indigenous loans project. FHL now stands as the flagship of indigenous business and has become one of the major players in the Fijian corporate sector. By



2008, the company had nine subsidiaries: Basic Industries Limited, Fiji Industries Limited, Blue Lagoon Cruises Limited, Clariti (South Pacific) Limited, FHL Securities Limited, Fijian Property Trust Company Limited, Fijian Holdings Trust Management Limited, Merchant Finance and Investment Company Limited and FHL Retailing Limited. It also had 12 associated companies and a total of 842 shareholders. FHL has a total investment portfolio of about F\$142 million with annual group revenue of F\$213 million and group net assets worth F\$166.8 million (Fijian Holdings Limited 2008).

The very close ties between Fiji and Malaysia and Fiji's attempts to emulate Malaysia's affirmative action model and its political system led to an attempt to share Malaysia's affirmative action benefits by encouraging successful Malaysian companies to invest in Fiji. This started off well in the 1980s and 1990s. Acquisitions included South Pacific Textile (Fiji) Limited, employing 250 people; the SIA Cash and Carry, a joint venture with local employees operating a retail outlet for imported garment and fashion accessories; the Malaysian Bank/National Bank of Fiji partnership; and massive equity in Carpenters Corporation, one of the largest wholesale and retail outlets in Fiji. In tourism, the Malaysian Berjaya Corporation owned the Berjaya Inn in Suva; Sateras Resources Limited owned the Tokatoka Resort near Nadi International Airport and the Suva Motor Inn in Suva; and the Malaysian Shangri-La owned the Mocambo Hotel and the Fijian Hotel, Fiji's largest five-star tourist resort (Ratuva 1999)

In encouraging Malaysian investors in Fiji, Dr Ahmed Ali, Fiji's High Commissioner to Malaysia in the early 1990s, said

businessmen in both Malaysia and Fiji can tap the huge opportunities available in each other's countries...

We want to welcome Malaysians to

Fiji to do business and even share their knowledge and experience with us both in the public and private sectors. We also want to give something in return, not merely take (*Business Times*, January 1994:10).

Part of the training program through a bilateral agreement with Malaysia was the sponsoring of the chief executive of FHL to study affirmative action in Malaysia—in particular, how the *bumiputera* trust agency, the NEC, worked and how it could be emulated. The Malaysian 'helping hand' came to an abrupt end after the 1997 East Asian financial crisis, which crippled Malaysia's economy and threw its own affirmative action program into uncertainty.

The failure of many post 1987 affirmative action projects was due to a number of reasons. First, there was the mismatch between the political will and the entrepreneurial conceptualisation. The political drive to implement the affirmative action policies was not guided by a systematic understanding of the socio-cultural context of the business environment. Second, the indigenous Fijian loan recipients were not provided with the right training in commercial and investment techniques and had to rely solely on their own initiatives. Third, the Indo-Fijian business community strengthened its networks in order to keep indigenous business out, as they saw them as potential competitors, and kept tight control over markets through pricing. As a result, some of the indigenous initiatives, such as the supermarket experiment, failed (Ratuva 1999).

The failure of these projects was a big blow to the ambition and self-esteem of the indigenous élites behind the affirmative action programs. They had high expectations, driven by state rhetoric, that the economic renaissance of indigenous Fijians was at hand. The failure of many affirmative



action policies contributed to the demise of the support for Rabuka's SVT Party and the fragmentation of the political allegiance of indigenous Fijians. The dramatic political changes and perceptions also led to the review of the 1990 Constitution, and eventually a new and more inclusive constitution came into being in 1997.

The new Constitution redefined the affirmative framework under the rubric of 'social justice' and extended the designated category to include not only indigenous Fijians and Rotumans but also other 'disadvantaged' groups. The social justice provisions of the 1997 Constitution attempted to incorporate trans-ethnic and class factors into the affirmative action program. Affirmative action was conceived as a mechanism for ethnic and socioeconomic equity and national unity. As a result, a new Ministry of Multi-Ethnic Affairs was set up, which provided scholarships for Indo-Fijian and other minorities, based on their socioeconomic situation.

The 1999 election was carried out using the new alternative-voting system under the rubric of the 1997 Constitution. The new government, under the leadership of Mahendra Chaudhry, the first Indo-Fijian prime minister, did not consider affirmative action favourably in its ethnic form and began to institute policies that addressed the marginalised situation of minority and other disadvantaged groups. These policies were prematurely terminated after the overthrow of the government in the 2000 coup.

Did embourgeoisement work?

The question of whether affirmative action has worked is not easy to answer, given the complexity of the situation. But some comparative assessment can be made in terms of the 1986 (pre 1987 coup) and 1996

(post 1987 coup) national census figures. There was an identifiable increase in the number of indigenous Fijians in the managerial category—from 487 in 1986 to 1,292 in 1996; however, the real significance of this increase was much less than it appeared (Fiji Bureau of Statistics 1986, 1996). The threefold increase was due to two main reasons: first, the 1996 Census definition of the managerial category incorporated various other subcategories that were not included in the 1986 Census; second, from 1992 to 1996, there was an increase in the number of loans to indigenous Fijians by the CLFS and thus there was a proliferation of 'companies' to formalise business ventures, although many of these failed.

Nevertheless, the pattern of ethnic disparity in 1996 was almost the same as that in 1986. Indo-Fijians still dominated the managerial positions, with 76 per cent in 1986, increasing to 78 per cent in 1996 (Fiji Bureau of Statistics 1989, 1998). Despite the economic affirmative action measures, the gap in the managerial category actually increased.

The 1996 Census report further disaggregated the managerial category into four subcategories: director/chief executive, small business manager, specialist managers, and other department managers. In all subcategories, Indo-Fijians and other ethnic groups dominated with between 60 and 82 per cent of the total. The largest difference was in chief executive positions, of which there were 82 per cent Indo-Fijians and other ethnic groups and only 18 per cent indigenous Fijians.

The only category in which there was a marked increase of indigenous Fijians was in professional and technical positions—an increase from 45 per cent in 1986 to 53 per cent in 1996 (Fiji Bureau of Statistics 1998). This increase was mainly for two reasons: first, the large-scale emigration of Indo-Fijian professionals after the 1987 coup; and second, the post coup affirmative action in



employment and education, which led to the marginalisation of Indo-Fijians in the public service, as discussed earlier. Most of the indigenous professionals and technical experts were in the public sector.

The post coup economy, however, especially after 1990, went through a period of contraction, and was not favourable to investment. From 1991 to 1995, real per capita output growth averaged only 1 per cent per annum. This unfavourable investment climate affected everyone; thus, it cannot be seen as the explanation for the continuing ethnic disparity in socio-economic performance.

Clearly, while there has been an expansion of the indigenous Fijian middle class in the area of the public service and the professions, this was not the case in the corporate sector. Furthermore, poverty was hardly addressed. Poverty amongst indigenous Fijians continued to grow over the years (Table 4).

The national, urban and rural rates of poverty among indigenous Fijians grew

during the 1990–2003 period (Table 4). Therefore, it seems that affirmative action handouts hardly trickled down in terms of benefits to the lower-income groups. In the various affirmative action strategies such as the *Nine Points Plan* and *20 Year Plan*, poverty alleviation did not feature at all. The focus was more on corporate participation and enhancing middle-class wealth.

The 2000 coup and affirmative action

The ethno-nationalist coup in 2000 was seen as evidence by some indigenous élites that a much more concerted effort to speed up indigenous Fijian development was needed, and thus one of the urgent tasks of the interim government, led by Laisenia Qarase, an avowed ethno-nationalist, was to put together a comprehensive affirmative action framework to respond to the broad ethno-nationalist sentiments. The outcome was the *Blueprint and Government Policy for*

Table 4 Incidence of poverty, 1990–91 and 2002–03 (per cent of population)*

	1990–91	2002–03
National average	25.5	34.4
Indigenous Fijians	27.7	33.8
Indo-Fijians	31.0	34.9
Urban average	27.6	31.8
Indigenous Fijians	..	29.9
Indo-Fijians	...	33.9
Rural average	24.3	38.1
Indigenous Fijians	..	37.3
Indo-Fijians	..	39.2

* Percentage of population having an adult equivalent per capita income less than the Basic Needs Poverty Line.
.. not available

Source: Abbott, D., 2007. Fiji analysis of the 2002/03 household income and expenditure surveys: estimation of basic needs poverty lines and incidence of poverty in Fiji, Unpublished draft final report prepared for United Nations Development Programme, Suva:23.



the Enhancement of Indigenous Fijians' and Rotumans' Participation in Commerce and Business (Government of Fiji 2000), popularly referred to as the 'blueprint', which outlined the strategic thrust for affirmative action. The blueprint called for the mobilisation of state political and administrative mechanisms and resources and integration into the macroeconomic framework of government (Government of Fiji 2000). The blueprint encapsulated the desires, frustrations and optimism of the post independence indigenous middle class. The material state of the Indo-Fijian middle class was seen as the yardstick for success and the solution was seen as establishing the conditions for emulating the economic and business acumen of Indo-Fijians. The focus was not so much on equity creation within the indigenous Fijian community as on consolidating an indigenous middle class—a different approach to the pro-rural development approach of the early independence years.

The operational details were outlined in an even more comprehensive document, '50/50 by year 2020' (*20 Year Plan for Fijian Participation in Business*), aimed at the 'enhancement of participation of indigenous Fijians and Rotumans in the socio-economic development of Fiji' (Government of Fiji 2001). As part of the program, the entire civil service machinery was mobilised to identify and operationalise aspects of indigenous Fijian advancement in the areas of education, human resource development, commerce and finance, public enterprise reform, health, resource-based industries, tourism, culture and heritage, and rural development. The plan identified two major issues confronting Fiji: 'narrowing the socio-economic disparities between ethnic groups through more equitable sharing of resources and socio-economic restructuring; and maximizing indigenous Fijian economic productivity in relation to resources such as land' (Government of Fiji 2001:1).

Learning from previous affirmative action attempts, this document, using an equity index (EI) formula, attempted to analyse the state of inequity using official national census data and calculating how much the indigenous Fijian level of achievement would have to be accelerated to reach the desired 1:1 (50–50) target equity ratio (TER). The equity index was an attempt to quantify the levels of achievement of the various ethnic groups, expressed as a ratio between the existing level of equity (current distribution ratio, CDR) between indigenous Fijians and other ethnic groups, relative to the national population distribution, expressed as the target equity ratio (TER). The EIs for the different occupational categories were thus different (Table 1). Hence, different countries will have a different TER, depending on the population distribution. Because the Fijian population in 2001 was 52 per cent indigenous Fijians and 48 per cent other ethnic groups, the demographic balance would be about 50–50—thus, the TER would be 1:1. To achieve equity, the 1:1 TER must be reached.

The EI is therefore the number of times the output of a particular sector must be increased to achieve the 1:1 TER. Different sectors have different CDRs and thus different EIs. For instance, in the corporate manager category, the CDR is 1:6; in other words, for every indigenous Fijian corporate manager, there are six from other ethnic groups. So to achieve the 1:1 TER, Fijian participation in this category should be increased six times; thus, the EI value is 6. Therefore, the target for the next 20 years was to increase the number of indigenous Fijians in the corporate manager category by a factor of six. The other five professional categories had a CDR of 1:3 and an EI of three (Table 4).

The 50–50 plan had a number of goals, including equality creation, national wealth redistribution, indigenous Fijian economic



advancement, and conflict resolution. But the political circumstances changed the situation dramatically. During the election in 2001, a new Fijian political party, the *Soqosoqo Duavata ni Lewenivanua* (SDL), under Qarase's leadership, used the 50–50 plan as the major political campaign tool to mobilise indigenous Fijian votes through the unauthorised delivery to voters of goods ranging from lawnmowers to fishing boats worth more than \$20 million. The politicisation of the plan drew widespread criticism, even amongst indigenous Fijians, especially after it was revealed that after it won the election, the SDL government had 'planted' individuals within the system as 'distributors' of affirmative action goods to favoured customers. A number of people, including the chief executive officer of Agriculture and Fisheries, were convicted and imprisoned in relation to what came to be known as the 'agriculture scam'.

The continuing drive for the indigenisation of the political process led the SDL government to push for two significant bills. The first was the Reconciliation, Tolerance and Unity Bill, which, amongst other provisions, would see the release from prison of indigenous Fijian activists involved in the 2000 coup; second was the Qoliqoli Bill, which attempted to transfer ownership of the coastal fishing grounds and seashore

from the State to indigenous landowners. Both bills were very unpopular and created tension within the country. The most significant reaction was from the military, which saw Qarase's pro-indigenous policies as not only racist but also a security threat (Ratuva 2007). The tension between the SDL government and the military escalated, with the military telling the prime minister to rescind the racist policies and corrupt practices of his government. Qarase tried to remove the military commander, Commodore Frank Bainimarama, several times but to no avail, and the continuing tension culminated in Qarase's displacement by the military on 5 December 2006. On 7 April 2009, the military again took power after the Supreme Court decided the previous day that the 2006 coup was illegal.

Reinvention of affirmative action

The military regime undid what the Qarase government had put in place in a program they called a 'clean-up campaign'. The political and institutional mechanisms for affirmative action and indigenisation were dismantled, including the removal of about 200 indigenous Fijian CEOs and other senior officers in statal and para-statal institutions, some of whom had been beneficiaries of the

Table 4 **Equity index for selected professions**

Occupational category	Current distribution ratio (CDR)	Equity index (EI)
Corporate manager	1:6	6
Physics, mathematics, engineering, science	1:3	3
Business and legal	1:3	3
Finance, sales, business	1:3	3
Extraction, building trade	1:3	3
Plant and machinery	1:3	3

Source: Calculated from Government of Fiji, 2001. *20 Year Plan for Fijian Participation in Business*, Government of Fiji, Suva:40–5.



affirmative action program in the public service since 1987. The military saw the pro-indigenous affirmative action program as racist, corruption riddled and against the noble values of multiculturalism.

The military established in place of the plan a National Council for Building a Better Fiji (NCBBF), whose task was to put together a 'People's Charter'—a document that provided for integrated national socioeconomic development, security reform, governance reconfiguration, and socio-cultural cohesion. Instead of targeting only indigenous Fijians, the People's Charter had its designated category broadened to include marginalised people from all ethnic groups.

The military also established FICAC as a state 'clean-up' institution and watchdog with powers to investigate those suspected of corruption under the FICAC Decree. The ambiguity of its role has made it a convenient agent for political witch-hunts of opponents of the regime and supporters of the previous government. A number of high-profile players, including the sacked CEO of FHL, former prime minister Qarase, and other proponents and beneficiaries of the affirmative action programs, have been hauled into court and tried for corruption. The legal processes continue. The military has used coercive tactics to institutionalise its economic and political reforms and remove opposition; and the anti-affirmative action has transformed the connotation of affirmative action from something positive to something socially regressive and morally evil.

The People's Charter was more than just a blueprint for development. It was a framework for social engineering and socio-political reconfiguration as part of the revolutionary process of erasing the old order and creating a new one with new institutions and norms. Apart from the dismantling and reconfiguration of state structures, other powerful institutions such as the Great

Council of Chiefs and the Methodist Church were paralysed and lost significant power and control over indigenous Fijians. This was a dual process of counter hegemony and re-hegemony, involving the neutralisation of the old hegemonic bloc and replacing it with a new one.

Part of the new hegemonic process was the rural development program. This was important for the military because at the time of the coup in 2006, indigenous Fijians saw the military as pro-Indian and anti-Fijian, especially after the weakening of indigenous Fijian institutions such as the Great Council of Chiefs. To appease indigenous Fijians, coup leader, Commodore Bainimarama, used a complex but clever tactical manoeuvre consisting of direct visits and service delivery in the form of roads, bridges and coconut bio-fuel plants. This policy has worked wonders, as chiefs and villagers presented their *matanigasau* (traditional apology) for opposing him earlier and promised to support him in his reforms.

During his visits to the villages, Bainimarama emphasised that there would be no more Qarase-type 'handouts' in referring to affirmative action, and that the military government will not fund any more community halls and churches but will focus on economically productive projects, infrastructure and education. Below is part of a typical speech, as presented to the people of Ovalau:

We urge members of the public to work hard. Stop relying on handouts. This Government will only see that our roads, water, education and other developments are done to move us forward...

Government will see that infrastructure is maintained to create business and [a] better economy for the people of Ovalau and for the future generations...



We are committed towards change and the Charter outlines clearly these changes. We urge you to support these changes and maintain the support to whatever Government that will come into power after elections. (Press release, Fiji Ministry of Information, 16 April 2010)

In all the development projects, there was no mention of affirmative action or indigenous Fijians as target groups. The language of development was de-ethnicised as part of the social engineering process to make people think in 'non-racial' terms. Terms such as 'rural and outer island development' were used instead of 'rural indigenous Fijians', although most of the rural development efforts were geared towards indigenous Fijians.

The only category that did not directly benefit rural indigenous Fijians was 'multi-ethnic affairs'.

To bolster indigenous Fijian development, land reform is now being envisaged as a major socioeconomic fulcrum for development.

Land reform in particular in relation to resource based sectors is paramount. Issues pertaining to the ailing sugar sector, the need to diversify into other crops and the imperative to have commercial farming can only be addressed in a meaningful way if more land is available for productive use on [a] long and secure tenure basis. (Press release, Fiji Ministry of Information, 16 April 2010)

Land reform was to be a multi-stakeholder approach involving farmers, landowners, government, the Native Land Trust Board (NTLB), funding agencies such as the Fiji Development Board, and the business community. Land reform is to be part of a larger economic reform program (ERP) involving the International Monetary Fund

(IMF), the World Bank and the Asian Development Bank (ADB), which carried out a series of consultations with the military government on 10–24 November 2009. Amongst the recommendations of the team were the usual reforms in relation to the rules around land availability for productive use, reform of the civil service, public enterprises and statutory entities, and liberalisation of the economy. They also emphasised social protection measures targeted towards the poor, to reinforce current programs in the areas of the family assistance allowance scheme, poverty alleviation projects, care and protection allowances, capital grants to voluntary organisations, and a women's plan of action.

Faced with economic contraction and diminished exports, the ambitions of the military regime for a vibrant economy can be sustained only through external intervention. By embracing the IMF's reform strategy, the military regime showed the level of desperation in the economy, which needs external financial injection to sustain itself. The consequences of IMF reform, especially if the negotiated \$1 billion is provided, will lock Fiji deeper into long-term debt.

The reforms are part of the broader development framework encapsulated in the Ten Point Economic Plan (TPEP), which sets out specific targets to be achieved by 2020. These are 1) GDP to be increased twofold; 2) elimination of the current account deficit; 3) poverty to be reduced from current levels to less than 5 per cent of the population; 4) visitor arrivals to increase to six million; 5) the financial sector to be liberalised with a view to eliminating exchange controls; 6) communication services sector businesses to grow by 100 per cent; 7) self-sufficiency to be achieved in rice, meat and liquid milk production; 8) up to 90 per cent of all electricity generation to be converted from fossil fuels to renewable sources; 9) to 80 per cent of all arable land to be brought into



productive use; and 10) the unemployment rate to reduce to less than 3 per cent (Press release, Ministry of Information, 16 April 2010).

Ironically, the shift in the affirmative action paradigm is basically a resurrection of the development plans of the late 1970s and 1980s, which clothed affirmative action in the language of rural development. Unlike the post 1987 and post 2000 affirmative action policies, after the 2006 coup, the pro-indigenous policies were fundamentally integrated into the national development plan rather than being a separate policy framework. The de-ethnicisation of the language did not mean that ethnic preferential intent had disappeared; it simply made it less conspicuous. One of the distinguishable features between the past affirmative action policies and the current one is the class dimension. Whereas the previous ones were targeted at consolidating the indigenous Fijian middle class, the post 2006 coup strategy was first to weaken the indigenous middle class created after the earlier affirmative action policies and at the same time to target the rural poor as a designated group. The de-ethnicisation of affirmative action was an attempt to de-politicise it. But this did not happen, as it led to politicisation of affirmative action in a different context.

The weakening of the indigenous middle class effectively undermines the powerbase of former prime minister Qarase and indigenous Fijian ethno-nationalism. After 1987, affirmative action policies had created a class of wealthy and powerful indigenous Fijians who fed on state patronage and resources. The military regime has tried to curtail the power of the middle class and shift the focus of infrastructure development to rural villages. This tactic has weakened and isolated those members of the middle class suspected of being opposed to the regime while simultane-

ously strengthening the power of those loyal to the regime. At the same time, it consolidated the political support of village-level indigenous Fijians. Isolating and weakening the vocal indigenous middle class, paralysing the Methodist Church, neutralising the Great Council of Chiefs, and winning the hearts of the indigenous Fijian villagers were means of controlling the power of ethno-nationalism at the national and grassroots levels and harnessing it to the military's tactical advantage. Contrary to his own well-known anti-ethno-nationalist sentiments, Bainimarama has reinvented a new form of ethno-nationalism amongst indigenous Fijians as a means of justifying the 2006 coup and sustaining his reform agenda.

Conclusion

The social engineering intent of Fiji's affirmative action—largely imported from Malaysia—did not work as well as expected. Both countries were ethnically pluralistic with a demographically and politically dominant indigenous population, which was also the designated category for affirmative action. Malaysia's NEP was seen by Fiji as the ethno-economic model of affirmative action to emulate to address issues of equity and potential conflict.

Amongst the affirmative action programs in Fiji derived from the Malaysian model were the setting up of an indigenous trust corporation, provision for special business licences, preferential loans, preferential public service appointments, preferential scholarships, and the use of state patronage. The major differences, however, were that in Malaysia the equity shares in the trust companies were individually owned while in Fiji there was a tendency for communal ownership of equity. Another major difference was that before the 1997 East Asian



financial crisis, the dramatic economic growth in Malaysia was fuelled by a vibrant industrial and resource base, but this was not the case in Fiji, where the economy was weak and the resources for preferential disbursement were very limited.

The outcomes were more or less similar. The indigenous élites became the primary beneficiaries of affirmative action and, instead of addressing ethnic division, affirmative action widened ethnic differences. In the case of Fiji, ethno-nationalist passion, which was associated with affirmative action, contributed further to political instability in 2000 when there was fear that an Indo-Fijian government would undermine indigenous Fijian privileges. In 2006, however, ethno-nationalist policies by the Qarase government angered the military and contributed to the military coup. On the other hand, affirmative action in Malaysia, under the authoritarian control of an indigenous state, maintained a relatively stable political system.

Affirmative action in Fiji has been a complex matter involving structural changes—more than simple policy prescriptions. The response to the historical interface between ethnicity and class by the indigenous élites who controlled the state apparatus necessitated the need for affirmative action in the first place; but, over the years, there were significant shifts in the affirmative action policies as a result of regime changes. Since independence, affirmative action has been articulated as part of the national development plan; but this changed after the military coup in 1987 when affirmative action was seen as an urgent undertaking to transform the socio-political and socioeconomic landscape to facilitate indigenous Fijian advancement. The process intensified after the 2000 coup, as the need to address ethno-nationalist agitation and instability became a paramount concern. Everything changed, however,

after the 2006 coup when the military tore up the affirmative action programs on the grounds that they were linked to racism and corruption.

The most successful affirmative action program in Fiji was in education. The education quota system expanded the ranks of Fijian graduates and, by the 1990s, a large indigenous Fijian professional middle class had been formed. At a time when the Indo-Fijian middle class was shrinking due to emigration, the indigenous middle class diversified, strengthened and helped sustain the labour market. It also acted as a transformational and at the same time stabilising political force. Within the indigenous middle class, however, there were individuals and groups who materially and politically benefited more than others because of their links with the state bureaucracy and indigenous political élites in a client–patronage network. Some of them were given positions as part of the political payoff for loyalty. For some, articulating the ethno-nationalist slogan and pro-indigenous policies was a ticket to higher and more secure positions within the state hierarchy. There were also liberal indigenous Fijians who opposed the affirmative action policies on the grounds that they reinforced the stereotypes of indigenous Fijians as lazy and incapable, and undermined motivation and self-enhancing initiative.

There were success stories of indigenous Fijians in commerce who were nurtured through the affirmative action process. There were, however, also failures. The post 1987 coup affirmative action policies, while benefiting some individuals and groups, were at the mercy of indigenous Fijian élites who made use of the state patronage system, close links to banks and status in the community to siphon off benefits for themselves. While the military has been investigating some of these under its ‘clean-boy’ image, it too has been rocked by scandals. In fact, some of the senior officers in the military,



including cabinet members of the military government, were directly involved in the affirmative action scandals of the 1990s.

The focus of the post 1987 affirmative action on embourgeoisement meant that poverty and social marginalisation were ignored. The State's solution was to have indigenous Fijians take part in communal and kinship investment schemes, which yielded very little by way of family income. The affirmative action benefits did not really trickle down to the grassroots. While the designated category was indigenous Fijians generally, the actual beneficiaries were those in the urban indigenous middle class. Contrary to the original intentions, affirmative action merely widened the ethnic rift between the indigenous and other ethnic groups, as well as exacerbating class differences within the indigenous community itself.

There were high hopes that the post 2000 affirmative action policies would rectify the situation, but instead, due to lack of systematic monitoring, weak management of the affirmative action governance process and direct political manipulation, there were high-profile scandals that undermined the integrity and reputation of affirmative action as a reliable redistribution program.

Paradoxically, while the current military regime's anti-affirmative action policy seems to be at odds with the ethno-nationalist desire for affirmative action, their ultimate aims seem mutual. They both want political stability and the elimination of the differences created by the interplay between ethnicity and class. While one tried to do it through ethnicity-based affirmative action, the other has tried to de-ethnicise the process using coercion.

Note

- ¹ This loan was later converted to a grant by the Qarase government; but in September 2010, the Bainimarama military regime converted it back into a loan to be repaid to the government.

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